



**Roland W. Burris**

Comptroller  
State of Illinois

June 5, 1986

201 State House  
Springfield, Illinois 62706  
217/782-6000

PAYROLL BULLETIN  
(3-86)

TO: All State Agencies, Departments, Boards, Commissions  
and Universities

SUBJECT: Tax Exempt Insurance Premiums

You have previously been advised by Payroll Bulletins Nos. 6-85 and 9-85 of procedures for implementing the tax exemptions provided under the Illinois Premium Payment Plan for the State-sponsored health plan (in the dedicated State health field on the voucher) and the State-sponsored life insurance plan.

This Bulletin sets forth procedures for implementing the tax exemption for deductions being taken for State-sponsored health insurance carried in the miscellaneous fields on the payroll voucher.

For payroll periods ending after March 15, 1986, State agencies may include as a tax exempt benefit the premiums being deducted for certain Golden Rule insurance plans. The only deduction allowed to be treated as tax exempt is the deduction for the insurance plan for which the State of Illinois contributes an additional \$7 on behalf of the employee. No other "private" insurance premium, whether paid to Golden Rule or any other insurance company, may be treated as tax exempt.

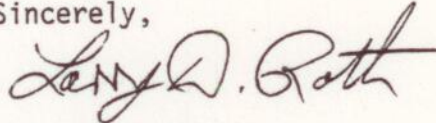
To effect this additional tax exemption, the amount of the premium being deducted for the State-sponsored Golden Rule insurance plan will not only continue to appear in the deduction field in which it now appears, but also this amount must appear in column 67 of the hard copy voucher. For agencies which submit payrolls on magnetic tape, this amount must also appear in tape positions 356 through 361. If amounts representing deductions for State-sponsored life insurance or other insurance plans approved under the Illinois Premium Payment Plan already are included in column 67, the amount of the State-sponsored Golden Rule premium must be added to this amount.

The Department of Central Management Services and the Golden Rule Insurance Company have developed procedures to keep you informed of which employees in your agency are included within the State-sponsored Golden Rule Plan. Remember, if the State is not contributing its \$7 share on behalf of the employee, the insurance coverage and deducted premiums may not be treated as tax exempt.

If the Department of Central Management Services approves additional insurance coverages for inclusion in the Premium Payment Plan, the affected agencies will be notified of the appropriate procedures for implementation of the tax exemption for these insurance premiums.

For additional information on insurance coverages within the Premium Payment Plan, please contact the Department's Group Insurance Division at (217) 782-2548. Any questions concerning this bulletin should be referred to Dan Steven or Nancy Smith at (217) 782-4758.

Sincerely,

A handwritten signature in dark ink, appearing to read "Larry D. Roth". The signature is fluid and cursive, with the first name "Larry" and last name "Roth" clearly distinguishable.

Larry D. Roth  
Director, State Accounting